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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 2, 2015

Certified Return Receipt
7013 3020 0002 3659 6542

Rusty Bastian
Redmond Minerals, Inc.
325 West 100 South
Central Valley, Utah 84754

Subject: Division Directive to Provide Additional Reclamation Surety, Redmond Minerals Inc., Redmond Minerals Mine, M/039/0002, Sanpete County, Utah

Dear Mr. Bastian:

The reclamation surety for the Redmond Minerals Mine currently is \$258,100. This amount is based on a 1999 reclamation cost estimate that has been periodically adjusted to account for increased reclamation costs (inflation), but not for significant additional disturbance created since 1999. The Division received on February 2, 2015, a reclamation cost estimate calculation based on an updated (but incomplete) Notice of Intention to Commence Large Mining Operations (Notice).

The updated Notice will need to incorporate changes required in a separate letter with review comments from the Division, and the reclamation cost estimate will need to be updated accordingly. However, since the current reclamation surety is likely not adequate to reclaim the current mining disturbances, you will need to provide additional surety consistent with the preliminary cost estimate until the updated Notice and reclamation cost estimate calculations are complete.

By March 4, 2016, you are hereby directed to:

- Provide the Division with reclamation surety in the amount of \$1,467,000. This amount was determined by rounding and escalating the most recent reclamation cost estimate. This amount was calculated using 2014 dollars and escalated to 2019. The Division plans to approve this surety until an additional updated reclamation cost estimate calculation has been submitted and approved.

After the Division receives the reclamation surety, you will need to sign an addendum to the reclamation contract. The Division will provide this document at that time.

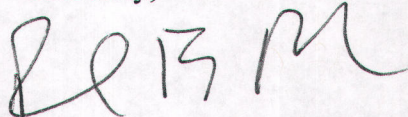


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Thank you for your patience in awaiting the Division's response to your submittal. The Division will be sending a separate letter with comments about the Notice.

Please contact Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have questions or concerns regarding this letter. Questions about submitting the increased reclamation surety may be addressed to Penny Berry, minerals program bond coordinator, at 801-538-5291. Thank you for your help in completing this very important regulatory requirement.

Sincerely,

A handwritten signature in black ink, appearing to read "PB Baker", written over the typed name.

Paul B. Baker
Minerals Program Manager

PBB:pnb:pb

cc: Mike Forbush, Redmond Minerals Inc. (mikef@redmondminerals.com)
Jason Haddock, Redmond Minerals Inc., 475 West 910 South, Heber City, Utah 84032
Scott Olsen, Sanpete County (solsen@sanpetecounty-ut.gov)

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